

**PUBLIC DISCLOSURE**

November 14, 2011

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**BROCKTON POSTAL EMPLOYEES CREDIT UNION**

**66478**

**225 LIBERTY STREET  
BROCKTON, MA 02301**

**DIVISION OF BANKS  
1000 WASHINGTON ST  
BOSTON, MA 02110**

<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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## GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income individuals, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **BROCKTON POSTAL EMPLOYEES CREDIT UNION (or the "Credit Union")** prepared by the Division, the institution's supervisory agency, as of **November 14, 2011**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

### **INSTITUTION'S CRA RATING: This institution is rated "Satisfactory."**

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income individuals, in a manner consistent with its resources and capabilities. The rating is based on the following findings:

- Deposits from the membership are returned to members in the form of consumer installment loans and residential loans. Loan-to-share ratios are at a reasonable level.
- The distribution of loans to borrowers of different income levels is considered satisfactory and is representative of the membership.
- A Review of Complaints demonstrated no evidence of receipt of CRA-related complaints. The Fair Lending review indicates that the Credit Union has made reasonable efforts in ensuring that members of different income levels have equal access to credit and services.

## **Scope of the Evaluation**

This performance evaluation assesses the Credit Union's performance under the Small Institution Test for credit unions which includes an analysis of the distribution of home mortgage loans among borrowers. Additionally, samples of unsecured loans were reviewed for analysis, as this product represents a relatively significant portion of the Credit Union's loan portfolio.

According to CRA regulations, an institution shall delineate one or more assessment areas by which the institution will serve to meet the credit needs of that assessment area and by which the Division will evaluate the institution's CRA performance. A credit union whose membership by-laws provisions are not based upon residence is permitted to designate its membership as its assessment area. The Credit Union has defined its membership as its assessment area, as opposed to a geographic area. Therefore, an evaluation of credit extended within defined geographic areas was not conducted; as such an analysis would not be appropriate. This evaluation was based upon an analysis of the Credit Union's performance in providing loans to its membership; providing loans to individuals of various incomes, including low to moderate-income members; and the Credit Union's fair lending performance.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

Brockton Postal Employees Credit Union was chartered by the Commonwealth of Massachusetts in 1923. As of September 31, 2011 the Credit Union had total assets of \$11.1 million. The Credit Union has a single full service office located within the General Mail Facility at 225 Liberty Street in Brockton.

The Credit Union offers limited online banking services and 24-hour full service audio response telephone banking. In addition, an Automated Teller Machine ("ATM") is provided in the mail facility office location. This stand-alone ATM dispenses cash only and provides balance information. The ATM networks utilized include NYCE and Cirrus and SUM, which is comprised of an alliance of financial institutions that waive ATM surcharge fees. Office hours are convenient and appear to be accessible to all members.

As of September 31, 2011, the Credit Union's loan portfolio totaled \$3.9 million, or 35 percent of the Credit Union's total assets. The largest portion of the loan portfolio, by number, is comprised of unsecured loans with 62.2 percent of total loans outstanding. The largest portion in dollar amount is comprised of loans secured by real estate. These loans represent 47.3 percent of the total loan portfolio. The following table reflects the loan portfolio distribution:

<b>Table 1 – Loan Distribution as of June 30, 2011</b>		
<b>Loans Secured by Real Estate</b>	<b>Dollar Volume</b>	<b>Percentage of Total Loans</b>
1st Mortgage	1,230,099	31.8
2nd Mortgage/ Revolving Lines of Credit	598,786	15.5
<b>Total Real Estate Loans</b>	<b>\$1,828,885</b>	<b>47.3</b>
Unsecured Consumer Loans	544,608	14.1
Used Auto Loans	890,853	23.1
New Auto Loans	466,760	12.1
Other Loans/Lines of Credit	131,699	3.4
<b>Total Loans</b>	<b>\$3,862,805</b>	<b>100.0</b>

Call Report

The Division last examined the Credit Union for compliance with the CRA on August 21, 2006. That examination resulted in a CRA rating of "Satisfactory."

### **Description of Assessment Area**

According to the Credit Union's bylaws membership "...is limited to Classified Career Employees and retired employees of the of the United States Postal Service (USPS) with over 3 months of service who work or live in either Plymouth, Bristol, Norfolk, Barnstable, Nantucket and Dukes counties. Membership is also extended to include

any Government employees local, state or federal who work or live in the existing counties now served by the Credit Union. Membership is also extended to those family members of the eligible member. Family member is defined as spouse, parents and children. Membership is also extended to Credit Union employees and their family members.”

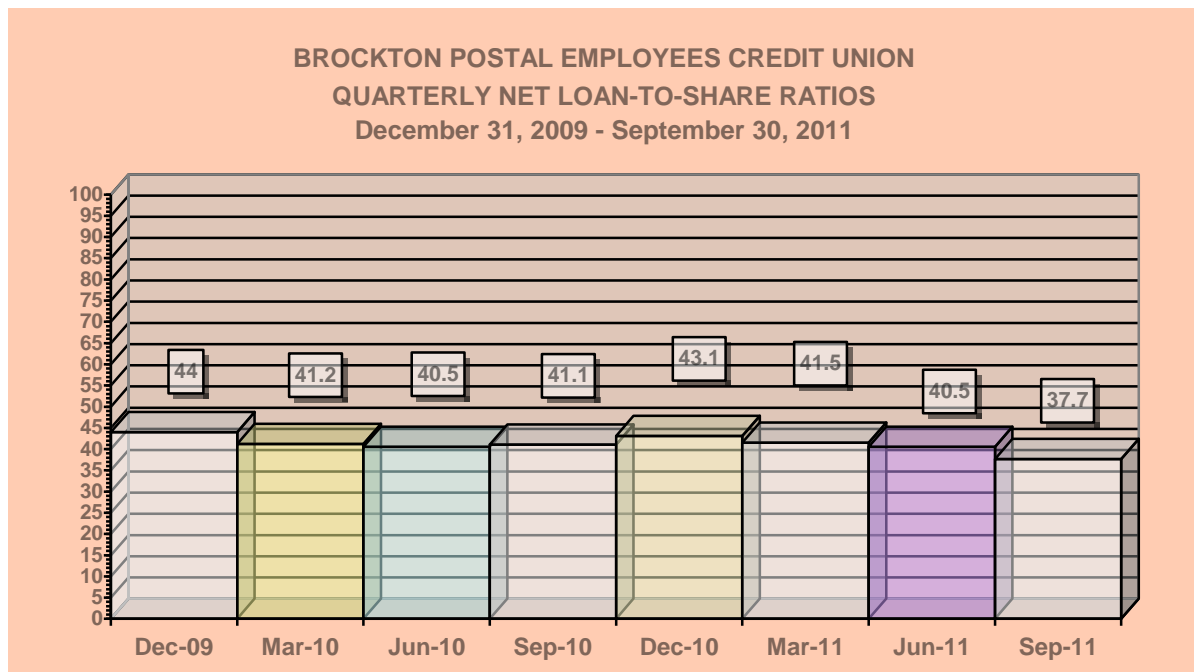
As of March 31, 2011, the Credit Union’s membership totaled approximately 1,967 out of a potential total of 30,000 individuals.

## **PERFORMANCE CRITERIA**

### **1. LOAN TO SHARE ANALYSIS**

Based upon the Credit Union's asset size, its capacity to lend, and the credit needs of the membership, the analysis of Brockton Postal Employees Credit Union's net loan-to-share ("LTS") ratio indicates that the Credit Union meets the standards for satisfactory performance.

An analysis of the Credit Union's net LTS ratio was performed using National Credit Union Administration ("NCUA") quarterly call report data for the period December 31, 2009, through September 30, 2011. The analysis was conducted to determine the extent of the Credit Union's lending compared to deposits received from its membership. The average net LTS for the period reviewed was 41.7 percent. As illustrated in the chart below, the Credit Union's ratios have been on a slight downward trend for the last eight quarterly time periods, primarily a result of paid off loans and a decline in loan applications from members. This is consistent with the current economic trends and does not negatively reflect upon the Credit Union's performance.



Comparisons of the Credit Union's net LTS ratio to that of other industrial credit unions was also performed. As of September 30, 2011, Brockton Postal Employees Credit Union had total assets of approximately \$11.1 million and a net LTS ratio of 37.7 percent. The ratios of two other similarly situated credit unions are reflected in the following table.

COMPARATIVE NET LOAN TO TOTAL SHARE RATIOS*		
Credit Union	Total Assets \$	Net LTS Ratios (%)
Brockton Postal Employees	11,071,474	37.7
Billerica Municipal Employees	12,555,564	30.2
Attleboro Municipal Employees	14,924,849	26.8

\* As of September 30, 2011

Based on the preceding information, the Credit Union's performance level is considered adequate.

## 2. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

The Credit Union's lending, based upon the analysis of residential and unsecured loans by borrower income, meets the standards for satisfactory performance in providing credit to members of all income levels.

The Credit Union's loan data for calendar years 2009, 2010 and Year to-Date 2011 were analyzed in order to determine the distribution of credit based upon the income level of borrowers. This data was based on the median family incomes within the census tract where the loan was originated.

As defined by the U.S. Department of Housing and Urban Development (HUD), Low-income is defined as income level or area that earns less than 50 percent of the median family income. Moderate-income is defined as income level or area that earns 50 percent to less than 80 percent of the median family income. Middle-income is defined as income level or area that earns 80 percent to less than 120 percent of the median family income, while Upper income is defined as income level that is equal to or greater than 120 percent of the median family income.

### ***Residential Lending***

The following Tables 3a and 3b detail residential loans originated and categorized by the applicants' reported income in relation to the median family income for the corresponding census tract. The Credit Union granted 18 residential loans for the period reviewed. Loans extended to borrowers within the moderate-income category represented the largest individual category with 44.5 percent of the total number and 47.7 percent of total dollar amount. The loans to low-income borrowers during this period represented 11.1 percent of the number and 4.6 percent of the dollar volume. While the performance over the three years is comparable, as moderate income borrowers consistently represent the majority, the relatively small number of originations limits the level of statistical comparison between years. The following tables provide a more detailed breakdown of residential loans originated among the Credit Union's membership:

Table 3a								
RESIDENTIAL LOANS ORIGINATED BY INCOME OF BORROWER (Number)								
Income Level	2009		2010		YTD2011		Total	
	#	%	#	%	#	%	#	%
Low	0	0.0	1	14.3	1	25.0	2	11.1
Moderate	3	42.8	3	42.8	2	50.0	8	44.5
Middle	2	28.6	1	14.3	1	25.0	4	22.2
Upper	2	28.6	2	28.6	0	0.0	4	22.2
<b>TOTALS</b>	<b>7</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>	<b>4</b>	<b>100.0</b>	<b>18</b>	<b>100.0</b>
Source: Credit Union Loan Data 2009, 2010 and YTD 2011								

Table 3b								
RESIDENTIAL LOANS ORIGINATED BY INCOME OF BORROWER ('000s)								
Income Level	2009		2010		YTD2011		Total	
	\$	%	\$	%	\$	%	\$	%
Low	0	0.0	25	7.5	15	13.0	40	4.6
Moderate	145	34.0	148	44.2	50	43.5	343	39.1
Middle	171	40.2	50	14.9	50	43.5	271	30.9
Upper	110	25.8	112	33.4	0	0.0	222	25.4
<b>TOTALS</b>	<b>426</b>	<b>100.0</b>	<b>335</b>	<b>100.0</b>	<b>115</b>	<b>100.0</b>	<b>876</b>	<b>100.0</b>
Source: Credit Union Loan Data 2009, 2010 and YTD 2011								

The higher level of dollar activity among middle- and upper-income borrowers is expected since higher-dollar residential loans typically included two qualifying incomes when analyzing borrower income levels.

### ***Unsecured Loans***

Tables 4a and 4b detail unsecured personal loans originated and categorized by the applicants' reported income in relation to the median family income for the corresponding census tract. The sample included 20 loans for each year for 2009 and 2010, and 15 loans year to date 2011. Based on the samples, loans extended to borrowers within the moderate-income category represented the largest individual category with 56.4 percent of the total number and 56.8 percent of total dollar amount. The loans to low-income borrowers during this period represented 9.1 percent of the number and 9.7 percent of the dollar volume. The proportion of originations to borrowers of different incomes appears consistent year to year. The following tables provide a more detailed breakdown of the sampled loans originated among the Credit Union's membership:

Table 4a								
UNSECURED LOANS ORIGINATED BY INCOME OF BORROWER (Number)								
Income Level	2009		2010		YTD2011		Total	
	#	%	#	%	#	%	#	%
Low	2	10.0	2	10.0	1	6.7	5	9.1
Moderate	12	60.0	12	60.0	7	46.6	31	56.4
Middle	4	20.0	5	25.0	6	40.0	15	27.3
Upper	2	10.0	1	5.0	1	6.7	4	7.2
<b>TOTALS</b>	<b>20</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>	<b>15</b>	<b>100.0</b>	<b>55</b>	<b>100.0</b>
Source: Credit Union Loan Data 2009, 2010 and YTD 2011								

Table 4b								
UNSECURED LOANS ORIGINATED BY INCOME OF BORROWER ('000s)								
Income Level	2009		2010		YTD2011		Total	
	\$	%	\$	%	\$	%	\$	%
Low	4.5	6.3	13.5	16.4	1.2	2.7	19.2	9.7
Moderate	50.9	70.8	45.7	55.5	16.2	36.8	112.8	56.8
Middle	11.0	15.3	16.7	20.2	24.8	56.4	52.5	26.5
Upper	5.5	7.6	6.5	7.9	1.8	4.1	13.8	7.0
<b>TOTALS</b>	<b>71.9</b>	<b>100.0</b>	<b>82.4</b>	<b>100.0</b>	<b>44</b>	<b>100.0</b>	<b>198.3</b>	<b>100.0</b>
Source: Credit Union Loan Data 2009, 2010 and YTD 2011								



The majority of borrowers falling in the moderate to middle income range corroborate with management's estimate of member demographics. Based upon the analysis of borrower income, the Credit Union demonstrates satisfactory performance in providing loans to borrowers of different incomes.

### **3. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES**

Based upon the review of the Credit Union's performance relative to fair lending policies and practices, the institution's performance level is satisfactory.

#### ***Review of Complaints***

There was no indication that the Credit Union received any complaints pertaining to its CRA performance since the previous examination. However, the Credit Union maintains adequate procedures to handle all incoming consumer complaints, including those relating to its CRA performance.

#### ***Fair Lending Policies and Practices***

The Credit Union's compliance with the federal fair lending regulations was reviewed. No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. The Credit Union employs 1 full-time and 4 part-time employees. While the Credit Union's staff has not received any training relative to fair lending, new policies are being implemented to ensure all staff is current in fair lending procedures.

# PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 225 Liberty Street, Brockton, MA 02301."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.